

REPORT FOR SCHOOLS FORUM

1.	Date of meeting:	30th January 2025
2.	Title:	2025/2026 DSG Schools Block Funding
3.	Directorate:	Finance and Customer Services

PURPOSE OF THE REPORT

1. To provide an update to Schools Form members as to the 2025/2026 Dedicated Schools Grant funding for Rotherham, and specifically to confirm the changes to the schools funding formula that will form the basis for determining individual schools budgets. The confirmed schools funding formula must be submitted to the DfE by 22 January 2025.
2. DSG funding for 2025/26 has been provided in 4 funding blocks, namely schools, early years, high needs and central schools services blocks. This report deals with the distribution of DSG funding within the schools' block.

RECOMMENDATION(S)

3. It is recommended that the Forum:

FOR INFORMATION

- Note the Schools Block DSG allocation for 2025/26 and the implemented changes to the local schools funding formula as outlined in paragraphs 7 to 18 of this report;
- Note that the proposed 2025/26 schools funding formula incorporates a funding transfer of 0.5% to the high needs block (as approved by the Forum on 13th December 2024).

FOR APPROVAL

- Approve that the funding for maintained primary & secondary schools outlined in paragraph 22 to be de-delegated and retained by the Council to fund schools related expenditure.

SCHOOLS BLOCK FUNDING 2025-26

4. Details of the Dedicated Schools Grant (DSG) were announced on 18th December 2024. The 2025/26 DSG allocation for Rotherham's schools' block as determined through the National Funding Formula (NFF) is **£260.995m**. This equates to an increase of £17.271m when compared to the current year, made up of the following:
 - Impact of the NFF (£2.0m);
 - Teachers Pay Additional Grant (£3.990m) Teachers Pension Employer Contribution Grant (£4.753m) Core School Budget Grant (£8.574m) rolled into baseline funding.
 - Decrease in pupil numbers (-£2.080);
5. The NFF schools block unit of funding (which reflects the pupil led funding element) for Rotherham for 2025/26 is **£4,995** (primary) and **£6,465** (secondary). The total level of schools block funding for Rotherham is in line with the announced schools funding settlement, although overall funding has decreased due to a drop in pupil numbers.
6. The schools block funding represents the totality of funding expected to be allocated directly to schools using *Rotherham's local schools funding formula*. The amount to be retained centrally by local authorities is allocated separately through the central schools services block.

CHANGES TO THE SCHOOLS FUNDING FORMULA 2025/26

7. Key changes to the school's 2025/26 National Funding Formula (NFF) are:
 - Rolling in the Teachers Pay Additional Grant (TPAG) Teachers Pay Employer Contribution Grant (TPECG) and Core School Budget Grant (CSBG). Appropriate adjustments have been made to NFF factor values and baselines to reflect this.
 - Some technical changes to the split sites factor in relation to schools mergers, amalgamations and de-amalgamations.
8. Although the NFF has been used to determine funding allocations to LAs, individual allocations to schools in 2025/26 will be determined by the local schools funding formula. The expectation is that LAs will align their local formulae closer to the schools NFF. In particular:
 - Local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except for any locally determined premises factors.
 - Local authorities will also be required to move their local formulae factors at least 10% closer to the NFF values, compared to where they were in 2024-25, unless they are already mirroring the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be "mirroring" the

NFF. As part of the tightening requirement, local authorities are not allowed to 'overshoot' the NFF value by more than the 2.5% mirroring threshold.

- For 2025-26, local authorities will no longer be allowed to increase the pupil number count for schools with higher reception pupil numbers in the January 2025 census.
- From 2025-26 split sites and PFI funding will be excluded from the calculation of the MFG.

9. A consultation exercise was undertaken in November 2024, which sought views on changes to Rotherham's local formula as well as the proposal to transfer funding from the schools' block to the high needs block. The outcome of the consultation was reported to the Schools Forum in December 2024 – the consensus view is a further alignment of the Rotherham formula to the NFF where possible.

10. The following outline the implemented changes to ***Rotherham's local schools funding formula*** for 2025/26, which reflects the outcome of the consultation with schools as well as DfE changes to the NFF.

Minimum Funding Factor

11. To ensure that schools continue to be funded at an appropriate level the mandatory 'minimum per pupil' funding factor rates will increase in line with the Government's recommended increase and funding rates set as follows: £4,995 for primary and £6,465 for secondary.

Basic entitlement factor

12. In line with the NFF, majority of funding (71.7%) will be allocated in the formula through the basic entitlement factor i.e. the Age Weighted Pupil Unit (AWPU). The implemented changes to the AWPU rates for 2025-26 are as follows:

- (1) Per pupil rates for secondary schools have been increased by 1.1% with the resultant rates for 2025/26 being **£5,398** for KS3 and **£6,080** for KS4.
- (2) The per pupil rate for primary schools has also been increased by 1.1% with the rate being set at **£3,830** for 2025/26.

Additional Education Needs Factors

13. The funding rates for the additional education needs factors, namely *Deprivation*; *Low Prior Attainment*; and *English as an Additional Language* (EAL) have been uplifted and aligned to the NFF where possible. Exceptions to this are the FSM6 proxy indicator which has been set to the minimum level allowed, but still represents an increase of 1.3% compared to 2024-25.

14. The primary IDACI bands A-C and Secondary IDACI bands A-D remain at the 2024-25 funding level which sits within the APT minimum and maximum amounts permitted. Increases will continue to be implemented in future years to ensure a phased approach to full NFF alignment.

Split Site Factor

15. A formulaic approach to allocating split sites funding has been introduced to ensure that funding for schools which operate across more than one site will be provided on a consistent basis. Only one school is impacted by the inclusion of this funding factor.

Lump Sum

16. The Lump Sum unit value has been increased by 2.5% from 2024/25 to £141,472 which is in line with the lower limit of the NFF values for 2025/26.

Minimum funding guarantee

17. For the 2025/26 budget, the current guidance allow Councils to set the MFG between 0% and -0.5%. The MFG for 2025/26 has been set at **0%**. This would ensure that no schools will see a decrease in funding on a per pupil basis. For 2025/26 the total MFG funding is £358,523. To make this affordable, overall gains for schools have been capped at 1.06% and scaled back by 85% to ensure the overall local formula works within the funding envelope.

Pupil Growth / Falling Rolls Fund

18. Growth funding is provided within local authorities' schools block DSG allocations. For 2025/26, it has been calculated using the same methodology as previous years, based on the growth in pupil numbers between the October 2023 and October 2024 censuses. The approach for 2025/26 is to allocate growth funding to schools outside the formula based on the Council's Pupil Growth criteria / policy.
19. The amount to be top sliced from the schools' block for 2025/26 for pupil growth / falling rolls is **£150k** – based on an assessment of existing commitments and planned growth.

TRANSFER FROM THE SCHOOLS BLOCK TO HIGH NEEDS BLOCK

20. Rotherham continues to face increased cost pressures in the SEND/High Needs block in 2025/26. Current regulations allows for the transfer of funding from schools to the high needs block, subject to Schools Forum approval (and DfE for transfers above 0.5%). The Council has consulted with schools and the schools forum on the proposal to transfer 0.5% funding (£1.3m) to the high needs block. The transfer proposal was approved by the Schools' Forum on 13 December 2024.

OUTLINE OF THE 2025-26 LOCAL SCHOOLS FUNDING FORMULA

21. The following table shows an outline of 2025/26 Rotherham's local schools funding formula and the level of funding to be allocated under each of the funding factors.

RMBC Local Schools Funding Formula	2024/25 Budget £'000	2025/26 Budget £'000	Change £'000
Schools block funding	243,724	260,995	17,271
NNDR adjustments	-1,425	-1,425	0
Transfer to high needs block	-1,219	-1,298	-79
Growth & Falling Rolls	0	-150	-150
Funding available for distribution	241,080	258,121	17,042
Schools formula funding factors:			
Age Weighted Pupil Unit	173,065	184,622	11,557
Deprivation	29,621	33,296	3,675
English as an Additional Language	1,575	1,852	276
Mobility	253	352	98
Prior Attainment	15,496	15,699	203
Lump Sum	14,806	15,845	1,039
Sparsity	11	10	-1
Split Site	0	54	54
Minimum Pupil led Funding	517	616	99
Minimum Funding Guarantee	78	15	-64
PFI factor	5,658	5,763	105
Total distributed funding to schools	241,080	258,121	17,042

De-delegated Funding

22. Under the schools funding framework, the authority can de-delegate, through the local funding formula, a funding amount to be retained centrally and managed by the LA. The DfE operational guidance outlines the relevant funding that is subject to de-delegation. The table below details the de-delegated items and the level of funding to be deducted from maintained schools' formula allocations:

De-delegation funding	2024-25 £'000	2025-26 £'000
Trade Union	19.5	19.8
Contingency	50	50
School Improvement	166	169
Total	235.5	238.8

23. For each de-delegated funding element for 2025-26, the basis of how the funding will be taken out of the formula is the same and consistent with that used in 2024-25, as follows:
- Trade Union - pupil number units for the relevant school phase;
 - Contingency (SIFD) – based on pupil number units for the relevant school phase
 - School Improvement – enhanced offer of £32 multiplied by number of pupils for relevant school phase
24. For each of the above budgets, it would be for the schools forum members for the relevant maintained schools phase (primary / secondary) to:
- (1) agree the delegated amount; and**
(2) decide whether that service should be provided centrally.
25. The decision(s) will apply to all maintained schools in that phase. Different decisions could be made for each phase of schools. Funding for these services will then be removed from the formula before school budgets are issued.